



# Valaris Plc

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## NOTEHOLDER DIP PROPOSAL

MAY 2020 | CONFIDENTIAL | PRELIMINARY DRAFT FOR DISCUSSION  
PURPOSES ONLY | SUBJECT TO FRE 408 & SIMILAR RULES

CONFIDENTIAL

VAL\_DIP00002041  
**DEBTORS' EX. 004**

# Noteholder DIP Proposal

Facility	<ul style="list-style-type: none"> <li>▪ \$500 million multi-draw, super-priority senior secured DIP term loan facility (the “<b>DIP Term Loan</b>”)</li> </ul>
Availability <sup>(1)</sup>	<ul style="list-style-type: none"> <li>▪ DIP Term Loan facility available in an aggregate principal amount of \$500 million, of which:             <ul style="list-style-type: none"> <li>▪ \$[TBD] million will be funded upon the interim approval of the DIP Term Loan;</li> <li>▪ Subsequent draws of no less than \$[50] million and no more than \$[100] million, available only when pro-forma cash on balance sheet is less than \$[200] million</li> </ul> </li> </ul>
Borrower	<ul style="list-style-type: none"> <li>▪ Valaris, plc</li> </ul>
Guarantors	<ul style="list-style-type: none"> <li>▪ All direct and indirect subsidiaries of Valaris, plc</li> </ul>
Agent	<ul style="list-style-type: none"> <li>▪ TBD</li> </ul>
Lenders	<ul style="list-style-type: none"> <li>▪ Certain members of the Steering Committee of the Ad Hoc Group of Noteholders (the “<b>SteerCo</b>”) shall fund the DIP Term Loan (the “<b>DIP Lenders</b>”)</li> </ul>
Interest Rate	<ul style="list-style-type: none"> <li>▪ 10.0% PIK</li> </ul>
Fees	<ul style="list-style-type: none"> <li>▪ Commitment Fee: 3.0% cash</li> <li>▪ Funding Fee: 1.0% PIK</li> <li>▪ Exit Fee: 1.0% PIK</li> </ul>
Maturity	<ul style="list-style-type: none"> <li>▪ 12 months</li> </ul>

(1) To be confirmed based on the DIP Budget



# Noteholder DIP Proposal (cont.)

Use of Proceeds	<ul style="list-style-type: none"> <li>Working capital, general corporate purposes and Chapter 11 expenses, solely in accordance with a budget in form and substance acceptable to the DIP Lenders</li> </ul>
Security / Collateral	<ul style="list-style-type: none"> <li>Super-priority administrative claim and first priority security interest on all property and assets of the Borrower and the Guarantors including cash, drilling rigs, contracts, earnings of drilling rigs, ARO assets, holding companies, litigation proceeds, insurance proceeds, etc.</li> </ul>
Prepayments	<ul style="list-style-type: none"> <li><u>Mandatory Prepayments</u>: Typical for facilities of this type and satisfactory to the DIP Lenders, including: (i) 100% of proceeds from certain asset sales and sales of subsidiaries; (ii) 100% of proceeds from incurrence of indebtedness; and (iii) 100% of insurance proceeds, tax refunds, and other extraordinary receipts</li> </ul>
Negative Covenants	<ul style="list-style-type: none"> <li>Typical for facilities of this type and satisfactory to the DIP Lenders, including limitations on: (i) indebtedness; (ii) liens; (iii) asset sales; (iv) restricted payments; and (v) transactions with affiliates</li> </ul>
Financial Covenants	<ul style="list-style-type: none"> <li>Bi-weekly cash budget variance test against DIP Budget</li> <li>Minimum Liquidity of [\$100] million</li> </ul>
Reporting Requirements	<ul style="list-style-type: none"> <li>Rolling 13-week forecast to be provided every 2 weeks</li> <li>Company to provide weekly variance reports against most recent 13-week forecast, as well as calls with Company management and / or advisors</li> <li>Notification of significant business changes (e.g., new contracts, contractual modifications / terminations, etc.)</li> </ul>
Conditions to Closing	<ul style="list-style-type: none"> <li>Usual and typical for DIP facilities of this type, including without limitation: <ul style="list-style-type: none"> <li>Receipt of acceptable Budget and most recent 13-Week Cash Flow Forecast</li> <li>Satisfaction of all due diligence</li> <li>Entry of an order approving the terms of the DIP Term Loan on terms satisfactory to the DIP Lenders</li> </ul> </li> <li>Other items TBD</li> </ul>
Milestones	<ul style="list-style-type: none"> <li>TBD</li> </ul>
Other	<ul style="list-style-type: none"> <li>Company to pay all fees and expenses of the Ad Hoc Noteholder Group and advisors thereto</li> </ul>

# Disclaimer

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